

**Testimony of Chris D. Wilson
City Manager – City of Algonac
Subcommittee on Regulatory Affairs
“FEMA Floodplain Map Modernization: A State and Local Perspective”
May 8, 2006**

I would like thank Madame Chairperson Miller and the Committee for allowing me the honor to address the committee on this matter of pressing importance to the City of Algonac and its residents. Given the geography of the greater Algonac area, any efforts by the Federal Emergency Management Agency to alter floodplain elevations could have a drastic impact on implementation and enforcement of City ordinances and building codes. Additionally, the economic and financial impact to existing homeowners and small business persons could be quite significant. Given the significant impact that these proposed measures will have, not only on Algonac or St. Clair County, but eventually the entire state of Michigan, as a matter of basic equity and fairness, it is critical that specific issues be considered before such action is taken. Primary among these considerations should be whether the economic demands being placed on property owners by the federal government through compulsory purchase of flood insurance is an adequate and fair representation of the corresponding level of economic risk posed by their decision to locate in a given area. It is the position of the City of Algonac that any increase in current floodplain levels would cause undue and unjustifiable economic harm to the City and its residents.

Undue hardships that would be placed on the City of Algonac as a municipality would be related but not confined to its impact on current building codes. An increase in base flood elevation would not only impact residents and developers seeking to build new structures in the

City. Existing structures that were built in accordance with current elevation levels-levels that were developed, approved and sanctioned by the Corps of Engineers-would now be considered non-conforming. This would make additions to or extensive rehabilitation of such properties more expensive and less attractive to home and business owners. I would like to remind the Committee that it will become the responsibility of the City of Algonac, as well as all other municipalities across the State of Michigan to enforce these new regulations. I would not wish upon any building or zoning official the day which they must inform an enterprising small business owner of father of a growing family the hardships now enforced upon them because their property, which they took care to develop according to guidelines established by the federal government through the Corps of Engineers, is now labeled as non-conforming. Again, it is the position of the City of Algonac that in accordance with principals of basic and fundamental fairness, such measures be taken when, and only when, clear and irrefutable evidence exists providing adequate justification.

Economic hardships will not be limited to owners of new or remodeled structures. Algonac has a high number of senior citizens. These individuals are likely to own their own home. Further, this structure is likely to be the most valuable asset in their possession. By adjusting the base flood elevation level and classifying their homes as non-conforming, FEMA will be adversely impacting the single most valuable possession of thousands of elderly homeowners throughout Michigan. The impact of this is little different than if the federal government were to suddenly withdraw a portion of a worker's 401k portfolio. Again, it is the position of the City of Algonac that before such actions are taken, FEMA must assure all involved that the economic justifications exist to do so.

As to whether such justification currently exists; it is my position that to the extent that an accurate analysis of the best available data relating to the economic risk posed by flooding justifies any change in the manner and amount of compensation by local property owners, it would justify a lessening of such burdens as opposed to increasing them. This is not to argue that the scientific principles behind the Corps' analysis of base flood elevation nor the principle behind the establishment of a floodplain. The concept of personal responsibility demands that individuals who choose to locate in a particular area where flooding poses a risk pay a fair and reasonable amount of compensation to protect themselves and others against this risk. However, while the science behind the establishment of base flood elevations is sound, it does appear that FEMA is using good science to implement bad policy.

The tremendous discrepancies between the amount of policy premiums paid by residents of Michigan for FEMA flood insurance and the corresponding amount of flood-related claims points strongly to such a policy failure. In particular, we feel that FEMA should more closely evaluate and analyze the risk posed by homes that are constructed in an area that is protected by a levy as opposed that have no such protection. In the calculation of a level of a 100-year flood plain, the goal is to appropriately designate such areas that have a 1% chance each year of being inundated by an adjacent body of water. While current base flood elevation levels may accurately reflect such levels of risk, it is the position of the City of Algonac that the manner in which these measurements are utilized by FEMA in establishing premium rates accurately takes into account the fundamental differences in economic risk posed by the construction of structures in areas protected by levies.

While it is possible that areas around the Great Lakes will flood, it is *inevitable* that structures protected by a levy will flood. Further, the nature and scope of flooding that occurs in areas behind a levy is far greater and severe than what would occur in an area where no levies exist. By treating both areas with and without levies relatively equally when it comes to the calculation of flood insurance premiums, FEMA is creating a situation where a significant portion of property owners are paying rates far higher than their accompanying level of risk would demand, while others with a high risk of economic loss from flooding in terms of quantity and scope, are not paying their share relative to their level of risk. When the providers of an essential or required product in the private sector unfairly manipulate the price of their goods or services to the detriment of the greater good, we call it price-gouging. I am not sure if such a label is appropriate when the same activity is carried out by a federal agency. What I am certain of is that both practices are equally reprehensible and both should be prevented whenever possible.

I would like to ask the committee to seriously consider all the adverse impacts that an increase in the current base flood elevation will have on residents of Algonac and the surrounding areas. Before any such attempts as the proposed efforts at ecological redlining are attempted, it is imperative that Congress use its oversight function to ensure that such actions are fair, equitable and necessary. We feel that close examination of the greater Algonac area will raise significant questions as to the fairness, equity, and necessity of such actions.